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Encouraging knowledge sharing among employees: how reward matters

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Abstract

In practice, rewards are often used as a tool to encourage knowledge sharing among employees. However, it is still a matter of discussion among researchers whether rewards both extrinsic and intrinsic have a significant effect on knowledge sharing behaviour. This paper contributes to the discussion about the role of reward system for knowledge sharing. Different types of rewards and their effect on the employees' willingness to share knowledge and their knowledge sharing behaviour are explored based on evidence from the previous research. The main result of this paper is the theoretical framework which will be used for further research in fostering intrinsic reward for knowledge sharing in the organizations.

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1. Introduction

Knowledge sharing means transfer, dissemination, and exchange of knowledge, experience, skills, and valuable information from one individual to other members within an organization. It may be formal and informal. It may occur via written correspondence, face-to-face communications or by using electronic knowledge systems. It may occur when a colleague individually shares his or her knowledge with other peers. It may also occur among team members or within and between different organizational units. Knowledge sharing may differ according to who shares his or her knowledge and with whom (e.g., supervisors, colleagues, subordinates). These can influence the

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intentions for sharing (or not sharing) knowledge. In all cases, knowledge sharing includes active communication, talking to colleagues, learning from them, collaborating, helping others, consulting and mentoring.

It is widely acknowledged that knowledge sharing has positive effect on organizational success and competitiveness. However, encouraging knowledge sharing is difficult. So, the questions of how to motivate employees to share their knowledge with colleagues and how to reward them for active knowledge sharing are widely discussed in literature from different perspectives. Some authors explained the motives for sharing and not sharing knowledge with others (e.g., Lin, 2007). Other research had identified the important factors that influence knowledge sharing behaviour (e.g., Tohidinia and Mosakhani, 2010). Many of studies acknowledge that reward programs can support activities that are critical for organization and relate to knowledge sharing. The importance of such programmes is also stressed. For example, O'Dell and Hubert (2011) pointed out, that knowledge sharing behaviour needed to be rewarded and recognized. However, there is no common opinion about what is the role of rewards in knowledge sharing, and by which rewards knowledge sharing can be effectively encouraged.

The findings of different studies are quite controversial. As Zhang et al. (2010) pointed out there had been no conclusive evidence of the role of reward. Some of the studies showed that there was a significant relationship between reward system and knowledge sharing in organizations (Al-Alawi et al., 2007, Alam et al., 2009, Jahani et al., 2013). The others claimed that rewards were insufficient for knowledge sharing. Some of the recent studies found that rewards did not significantly influence employee attitudes and intentions toward knowledge sharing (Olatokun and Nwafor, 2011, Seba et al., 2012). Seba et al. (2012) even pointed out that “it may be time to re-visit the appropriateness of motivation theory as a basis for research in knowledge sharing” (p. 379).

The purpose of this study is to better understand whether reward matters enabling knowledge sharing. The following research addresses two main questions: do rewards have impact on knowledge sharing among employees? And if do what types of reward are more helpful to encourage knowledge sharing among employees? In order to achieve this purpose, research literature analysis has been selected as the main research method. This paper has been based on the review of the newest empirical research that covered such topics as rewarding, motivating, and recognizing employees' knowledge sharing behaviour.

Answering these questions is important for several reasons. First of all the analysis can help managers design the effective reward system for knowledge sharing. It can also lead to the understanding how to make the psychological contract between employee and organization more explicit by underlining what the organization expects from its employees and what it provides them in exchange for their knowledge sharing.

The paper is structured as follows. The findings of previous research are analysed in order to indicate the role of a reward system for knowledge sharing. It is also examined how different types of reward influence knowledge sharing within an organization. In the end, the theoretical framework for fostering intrinsic reward is provided. The paper is finalized by conclusions and some ideas for further research.

2. Results

Reward systems are created in order to encourage employees to achieve organizational goals through proper performance and behaviour. Reward systems are often designed in many organizations to ensure proper knowledge sharing behaviour. According to Al-Alawi et al. (2007) such reward system should be aligned with sharing in order to enhance knowledge sharing in organizations. Thus, it is important to explore what rewards should be used in order to directly or indirectly effect individual's willingness to share knowledge and encourage his or her knowledge sharing behaviour.

Analyzing the topic of rewarding for knowledge sharing the two main types of reward are usually explored – intrinsic reward and extrinsic reward. Extrinsic rewards are defined as tangible rewards that organizations give to her employees. Extrinsic rewards can take the form of various compensation such as salaries, bonuses, commissions, benefits, as well as other tangible benefits, for example, prizes, improved work environment, the opportunity to take part in the prestigious project, the opportunity to attain certain experts or communities of practice, the educational opportunity and so on. Intrinsic rewards are psychological or internal rewards that employees get directly from performing the task itself. In the context of knowledge sharing intrinsic reward refers to the pleasure or satisfaction derived from knowledge sharing.

Extrinsic rewards for knowledge sharing can range from monetary or financial rewards such as increased salary and bonuses to non-monetary rewards such as recognition, promotion or job security. In practice, monetary rewards are often used for encouraging knowledge sharing among employees. However, studies showed that such rewards were not efficient. For example, Alony et al. (2007) observed that knowledge workers in the Australian Film Industry were not motivated by financial reward to share their knowledge. Bock et al. (2005) even found that monetary incentives had a negative effect on attitudes toward knowledge sharing. In fact, financial bonuses may result in increased use of technologies of knowledge sharing, but they are unlikely to increase such sharing themselves (Lin and Joe, 2012). According to Huysman and de Wit (2002), financial rewards only have a short-term effect. Such rewards can be used in order to stimulate employees to actively participate in knowledge-sharing initiatives during the initial phase, however, are not useful while creating the culture of knowledge sharing in an organization.

Research showed that non-monetary rewards, such as recognition or training are more effective compared to financial rewards. As Sutton (2006) pointed out, recognition is an important incentive for knowledge sharing, because employees want their organizations to be appreciative of good work. Annual organization awards, giving status for those who demonstrated the willingness to help others and so on may be used for this purpose.

Opportunity to learn and to deepen the own understanding is also often acknowledged as important reward for employees to ensure their knowledge sharing. Wang and Noe (2010) pointed out that there were circumstances when knowledge sharing may be considered a learning process for the sharer. "If employees are motivated to share knowledge with their peers but they are not sure if they are able to communicate the knowledge in a manner in which it will be understood, they are more likely to use knowledge sharing as an opportunity to deepen their own understanding and find a better way to organize and explain the knowledge before they share it" (p. 124).

A person may be more willing to share knowledge if they have reason to expect valuable information and knowledge from peers in return (Lin, 2007). It is often defined as mutual benefit or reciprocity. The benefits that individuals expect in return are related to achieving help, deepening own understanding in specific topic or receiving advice when it is needed.

Acknowledging that knowledge sharing is a voluntary act it should be stressed that efficient knowledge sharing depends on the willingness of individuals. In this regard, employees should gain satisfaction and enjoy through knowledge sharing. It is related with intrinsic or internal rewards such as interest, mastery or altruism. For example, Jahani et al. (2013) study had found that knowledge workers with altruistic intentions were likely to engage in knowledge sharing.

Some evidence on the effectiveness of different types of rewards is presented in Table 1.

Table 1. Some evidence from the previous research

Reference	Sample	Rewards
Alony, Whymark and Jones, 2007	7 research interviews with film workers	(-) Financial reward
Lin, 2007	172 employees from 50 large organizations in Taiwan	Appendix A. (+) Reciprocal benefits; (+) Knowledge self-efficacy; (+) Enjoyment in helping others; (-) Expected organizational rewards: higher salary, higher bonus, increased promotion opportunities, increased job security
Tohidinia and Mosakhani, 2010	502 employees	(-) Expected extrinsic rewards: higher salary, higher bonus, promotion, increased security
Hung et al., 2011	118 participants from a university in Taiwan	Appendix B. (+) Reputation feedback; (-) Economic reward; (-) Reciprocity; (-) Altruism
Rahab and Wahyuni, 2013	A survey of 242 lecturer on public and private university	(+) Reputation enhancement; (+) Reciprocal benefits; (+) Enjoyment in helping others

Notes: (+) has significant *positive effect* on knowledge sharing; (-) has *no significant effect* on knowledge sharing.

The other aspect of reward system is related to whether the individual or team knowledge sharing behaviour is rewarded. According to Lee and Ahn (2007), both individual-based and group-based reward systems can be applied. According to the authors, individual-based reward is based on the individual contribution of valuable knowledge, and group-based reward is based on the contribution of the whole group through knowledge sharing to the firm performance. Previous studies had examined that the influence of group-based incentives had more positive results compared to those that were based on individual incentives (Wang and Noe, 2010). Lee and Ahn (2007), however,

found that group-based reward was not only less efficient than individual-based reward, but also could lead to productivity problem. There is not yet reliable evidence on how group-based reward is useful for knowledge sharing. However, it can be acknowledged the importance of individual's belonging to the team which communicates knowledge sharing values and achieves success through active knowledge sharing.

Reward systems in the organisations may also differ due to different types of knowledge that is encouraged to be shared. Zhang et al. (2010) found that when people were encouraged to share explicit knowledge, reward could be an effective strategy. The codification strategy when knowledge is codified and stored in repositories that are easily accessed, is usually applied in such cases. Lee and Ahn (2007) found that extrinsic rewards may be used to the codification approach. The newest study made by Jahani et al. (2013), however, showed the opposite results. The authors found that extrinsic reward did not demonstrate a significant relationship with both dimensions of knowledge sharing behaviour: implicit and explicit knowledge sharing. Much more difficulties arise when employees are not simply asked to share a document, but when they are encouraged to share their personal insights, valuable information and knowledge gained through their own experience. Willingness to share tacit knowledge needs intrinsic rewards valued by the individuals, such as enhanced reputation or autonomy (Jahani et al., 2013). Thus, in order to create the effective reward system for knowledge sharing the reward system it should be aligned both with the common organizational strategy and knowledge strategy.

Summarizing it can be acknowledged that reward system for knowledge sharing may include both extrinsic and intrinsic rewards based either on group or on individual performance. The main priority, however, should be given to psychological benefits and non-monetary rewards. These rewards are mostly related to satisfaction and interest derived from knowledge sharing activity. This type of rewards is also more suitable for sharing tacit knowledge that is an important driver to organisational success and competitiveness.

Analysis of research literature shows that the main intrinsic rewards which have significant positive effect on knowledge sharing among employees and can form the reward system are as follows:

- A sense of belonging and sharing common values. By sharing their knowledge with others individuals feel being connected and accepted within a team or entire organization.
- A sense of achievement and success. By sharing their ideas and expertise during decision making or problem solving process individuals feel that they contribute to achievements and success of the team or the entire organization.
- A sense of competence. By participating in knowledge sharing process individuals learn from others, gain new ideas and knowledge, increase their competence. By deepening their own understanding and knowledge they feel self-confidence and self-efficacy.
- A sense of usefulness. By mentoring, consulting, giving advice to others, employees find enjoyment, satisfaction from meaningfulness of their help and usefulness of their knowledge and expertise.
- A sense of respect and recognition. By knowledge sharing employees earn recognition and respect from supervisors, peers and experts.
- A sense of trust. By receiving positive feedback from colleagues the individuals build self-confidence and confidence in peers. This increases a sense of trust in others and the belief that colleagues are ready to help them.

3. Conclusions

The main finding of this paper is the theoretical framework of intrinsic rewards for knowledge sharing behaviour of employees. Such psychological rewards such as a sense of belonging and sharing common values, a sense of achievement and success, a sense of competence, a sense of usefulness, a sense of respect and recognition, and a sense of trust are acknowledged to be important for fostering knowledge sharing among employees. Knowing these intrinsic rewards and the other that really matter in knowledge sharing, can lead to better understanding how to create effective reward, recognition and motivation systems for knowledge workers. Focusing on fostering intrinsic rewards organizations can communicate to employees what is really important to them and show what they expect from employees. The future research in this area will include verifying and empirical validation of the theoretical framework of intrinsic rewards for knowledge sharing.

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